



Memorandum

TO: DOWNTOWN PARKING BOARD**FROM:** Laura Wells, DOT**SUBJECT: 2014-15 PROPOSED BUDGET
PARKING FUND****DATE:** April 23, 2014

INTRODUCTION

The City Manager's Proposed Budget for Fiscal Year 2014-15 (FY 14-15) will be released on May 1, 2014. The City Council will hold budget study sessions and public hearings in May and June, with final budget adoption scheduled for June 17, 2014. This report presents the FY 14-15 proposed Parking Budget, including the 2015-2019 Capital Improvement Program.

FY 14-15 PROPOSED OPERATING BUDGET (Attachments 1 and 2)

The FY 14-15 proposed budget reflects an improved financial condition of the City's parking system when compared to the FY 13-14 modified budget. Parking activity and revenue have increased in some facilities and staff has continued to aggressively manage expenditures. Highlights of the proposed budget include:

Revenue is projected at \$13.3 million, a \$735,000 increase from the FY 13-14 Modified Budget. This trend is led by the Market/San Pedro garage due to improved evening, weekend and permit activity. Convention Center garage and Almaden/Woz lot revenue is projected to increase due to improved event activity. Parking meter revenues are also expected to be higher due to the Smart meters, new Almaden Blvd meters, meter hood rentals and overall increased on-street parking activity. Potential revenues from a meter rate increase have not been included in the FY 14-15 revenue estimate as it is unknown if the proposed meter rate increase will be approved by the City Council. Similarly, while a reimbursement from the Successor Agency to the Redevelopment Agency year-end balance for a portion of the \$3.4 million support from the Parking Fund in FY 13-14 may be received; the FY 14-15 revenues do not reflect this as the estimated reimbursement that may occur is unknown at this time.

Operating Expenditures are projected at \$8.35 million, an increase of approximately \$1.0 million from the FY 13-14 Modified Budget. Expenditure highlights include:

- \$390,000 increase in Contractual Services due primarily the new Smart Meters (\$320,000) and additional security services (\$58,000) providing a new full time overnight security patrol that will allow for 24/7 security coverage to address loitering, property crime, and homeless issues in downtown parking facilities.
- \$280,000 in on-going funding for the SJDA, with an additional \$20,000 provided by the Parking Fund. Services would continue to support activation of the Downtown through

events and promotional campaigns, downtown business retention, and promoting and branding the City's parking facilities.

- \$245,000 for renewal of an Employee Commute Program that will provide an EcoPass to all City employees for use on light rail and buses. In addition to supporting the City's multi-modal goals, as more City employees use transit, parking spaces will be freed up for potential use by companies looking to relocate to vacant office space Downtown.
- \$238,000 increase in Audit and Overhead primarily due to an increase in General Services support that is now included in the rate.
- \$171,000 increase in Payroll due to retirement and health care costs (\$155,000), and a new Part-time Maintenance Worker to support collections, maintenance, and trouble shooting of the new metered parking on Almaden Blvd.

Transfers are projected at \$4.3 million, a \$32,000 increase from the FY 13-14 Modified Budget, primarily due to an increase in the City Hall Debt Service transfer.

Net Revenue after Transfers is projected at \$628,000.

Ending Fund Balance is projected at \$13.3 million and includes various legal and policy based reserves, including a Reserve for Future Debt Service of \$8.6 million to support future 4th/San Fernando debt obligations.

2015-2019 CAPITAL IMPROVEMENT PROGRAM (CIP) (Attachment 3)

The 2015-2019 proposed 5-Year CIP is \$5.4 million, and includes the following major projects:


- **Minor Parking Facility Improvements:** Facility improvements include *ParkSJ* facility signage, Market Street garage level and/or space indicators, Third Street garage back-up electrical system upgrade, major painting, miscellaneous deck and lobby waterproofing, and surface lot equipment upgrades.
- **Revenue Control Upgrades:** Upgrades to the revenue control equipment at various facilities to ensure reliability, customer convenience, and effective administration.
- **Diridon Area Parking and Multi Modal Improvements:** Parking and multi-modal improvements to accommodate Diridon Area development in FY 15-16.

DEBT OBLIGATIONS AND LONG-TERM FINANCIAL SUSTAINABILITY

A major focus of staff and the Downtown Parking Board over the past several years has been on the development of a Long-Term Debt Management Strategy to position the Parking Fund to support additional debt service payments of the 4th/San Fernando Garage. It is unknown to what extent tax increment revenue may be available to support the debt service in the near term beyond FY 14-15. The projected \$8.6 million in the FY 14-15 Reserve for Future Debt Service will provide for debt service coverage through FY 16-17.

In addition to the debt service obligation, the Parking Fund is obligated to maintain the system in good condition, and to provide for all operating expenses of the program. As supported by the DPB, approximately 1,200 meters in the Downtown Core were upgraded this past year with Smart Meters to provide enhanced access to and convenience in parking Downtown. To provide for recovery of the \$1 million in capital costs to install the meters, cover the ongoing operating costs and improve the long term financial capacity of the Parking Fund, a meter rate increase of up to \$2 per hour at the Smart Meters is being proposed. If approved by the City Council the increased meter revenue would also enhance the Parking Fund's ongoing support of the new initiatives proposed in the FY 14-15 budget in the long term.

Attachment 1. 2014-2015 Proposed Budget

 CITY OF SAN JOSE CAPITAL OF SILICON VALLEY	2013-14 Modified Budget	2013-14 Year-end Estimate	2014-15 Proposed Budget
	14,244,789	14,244,789	14,103,124
Beginning Fund Balance			
Revenue:			
Facility	9,285,000	10,300,000	10,300,000
Meters	2,375,000	2,555,000	2,700,000
Interest	30,000	50,000	50,000
Miscellaneous	185,000	240,000	220,000
New SARA Reimbursement	<u>660,000</u>	<u>660,000</u>	<u>0</u>
Total Revenue	12,535,000	13,805,000	13,270,000
Operating Expenditures:			
Payroll, Health & Benefits	1,671,339	1,671,339	1,842,773
Supplies & Materials	85,000	73,523	85,000
Contractual Services	3,634,533	3,632,737	4,024,883
Utilities, Rent, & Insurance	918,950	875,053	922,700
Audit and Overhead	440,793	440,793	678,929
Police Parking Garage Security Detail	200,000	160,000	200,000
Arena Parking Obligation	70,000	70,000	70,000
New Employee Commute Program	0	0	245,000
SJDA Promotion and Events	<u>260,000</u>	<u>260,000</u>	<u>280,000</u>
Total Operating Expenditures	7,280,615	7,183,445	8,349,285
Net Revenue less Operating Expenditures	5,254,385	6,621,555	4,920,715
Transfers Out			
Debt Service - 4th/San Fernando	3,398,833	3,362,833	3,363,151
PBID Parking Property Assessment	73,759	73,759	77,447
City Hall Debt Service Fund	67,153	67,153	129,340
General Fund Transfer	497,000	497,000	497,000
SARA Parking Lots	224,000	220,000	220,000
New Human Resources/Payroll System	<u>0</u>	<u>0</u>	<u>5,762</u>
Total Transfers	4,260,745	4,220,745	4,292,700
Net Revenue	993,640	2,400,811	628,014
Capital Activity:			
Capital Projects	2,382,000	2,382,000	1,203,000
Payroll, Health & Benefits	127,400	127,400	139,730
Audit and Overhead	<u>33,075</u>	<u>33,075</u>	<u>50,944</u>
Total Capital Activity	2,542,475	2,542,475	1,393,674
Net Change to Fund Balance	(1,548,835)	(141,664)	(765,659)
Ending Fund Balance			
Reserve for Encumbrances	1,178,556	1,178,556	1,178,556
Reserve for Debt Service Payment	8,321,114	8,221,114	8,650,000
Reserve for Emergency Repairs	700,000	700,000	700,000
Reserve for 4th/San Fernando Bond	2,317,861	2,317,861	2,317,861
Employee Compensation Planning Reserve	0	0	56,100
Retiree Healthcare Solutions Reserve	35,000	35,000	35,000
Unrestricted Funds	<u>143,423</u>	<u>1,650,593</u>	<u>399,948</u>
Total Ending Fund Balance	12,695,954	14,103,124	13,337,465
Loan Receivable from RDA	13,528,294	13,528,294	13,528,294
Enforceable Obligation	6,761,486	6,725,486	10,088,637

Attachment 2. 2014-2015 Proposed Operating Budget

City of San Jose Parking Services Facility Income Statement FY 2014-15 (in thousands)	<i>Convention Center</i>	<i>Market/ San Pedro</i>	<i>On-Street Parking</i>	<i>4th / San Fernando</i>	<i>Third St</i>	<i>2nd/San Carlos</i>	<i>Almaden/ Woz</i>	<i>Other Programs</i>	<i>Woz/ 87</i>	<i>3rd /Santa Clara</i>	<i>1st/280</i>	<i>Fairmont</i>	<i>Japantown</i>	<i>Lincoln/ Minnesota</i>	<i>Alum Rock</i>	<i>Parking Fund Total</i>	<i>Southall</i>	<i>Almaden/ Balboa</i>	<i>San Pedro/ Bassett</i>	<i>Grand Total</i>
Facility revenues:	\$2,950	\$2,500	\$2,700	\$700	\$850	\$900	\$960	\$270	\$295	\$120	\$45	\$640	\$25			\$12,955	\$200	\$70	\$45	\$13,270
Expenses:																				
Payroll	184	221	687	133	133	133	74	111	55	37	2	18	4	4	4	1,799	37	4	4	1,843
Supplies & Materials	6	6	45	6	6	6	4		3		3					85				85
Contractual Services	960	689	395	545	575	545	90	10	65	45	20		1	1	1	3,942	43	15	25	4,025
Utilities, Rent & Insurance	60	97	5	115	65	45	415		90	1	30					923				923
Audit and Overhead	68	81	253	49	49	49	27	41	20	14	1	7	1	1	1	663	14	1	1	679
Police Parking Garage Security Dtl.	33	63		8	86	10										200				200
Arena Parking Obligation								70								70				70
New Employee Commute Program								245								245				245
SJDA Promotion and Events								280								280				280
Total Expenses	1,311	1,157	1,386	856	914	788	610	756	234	96	56	25	6	6	6	8,206	93	20	30	8,349
Op. income (loss)	\$1,639	\$1,343	\$1,314	(\$156)	(\$64)	\$112	\$350	(\$486)	\$61	\$24	(\$11)	\$615	\$19	(\$6)	(\$6)	\$4,749	\$107	\$50	\$15	\$4,921
No. of Parking Spaces	1,139	1,385		745	836	503	418	na	267	67	113	440	60	87	50	6,110	154	45	114	6,423

Attachment 3. 2014-2019 Proposed Capital Improvement Program

	Estimated						5-Year
	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>Total</u>
<u>Construction Projects</u>							
1 Downtown Event Parking Dynamic Message Sign	427,138	0	0	0	0	0	0
2 Garage Elevator Upgrades	550,000	0	0	0	0	0	0
3 HP Pavilion/Diridon Area Multi-Space Meters	1,348	0	0	0	0	0	0
4 Minor Parking Facility Improvements	204,864	600,000	450,000	450,000	450,000	450,000	2,400,000
5 Revenue Control Upgrades	1,151,650	500,000	250,000	250,000	250,000	500,000	1,750,000
7 Security Improvements	0	100,000	0	0	100,000	0	200,000
8 Diridon Area Parking Multi-modal	0	0	1,000,000	0	0	0	1,000,000
Public Art	27,000	1,000	10,000	0	1,000	0	12,000
Total Construction Projects	2,362,000	1,201,000	1,710,000	700,000	801,000	950,000	5,362,000
<u>Non-Construction Projects</u>							
Capital Program and Public Works Department Support Service Costs	20,000	2,000	2,000	2,000	2,000	2,000	10,000
Total Construction and Non-construction Projects	2,382,000	1,203,000	1,712,000	702,000	803,000	952,000	5,372,000